

Adopted	Rejected
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COMMITTEE REPORT

YES:	11
NO:	0

MR. SPEAKER:

*Your Committee on Insurance, to which was referred Senate Bill 486, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 5-10-8-2.2, AS AMENDED BY P.L.3-2008,
- 3 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JULY 1, 2009]: Sec. 2.2. (a) As used in this section, "dependent"
- 5 means a natural child, stepchild, or adopted child of a public safety
- 6 employee who:
- 7 (1) is less than eighteen (18) years of age;
- 8 (2) is at least eighteen (18) years of age and has a physical or
- 9 mental disability (using disability guidelines established by the
- 10 Social Security Administration); or
- 11 (3) is at least eighteen (18) and less than twenty-three (23) years
- 12 of age and is enrolled in and regularly attending a secondary
- 13 school or is a full-time student at an accredited college or
- 14 university.
- 15 (b) As used in this section, "public safety employee" means a
- 16 full-time firefighter, police officer, county police officer, or sheriff.

1 (c) This section applies only to local unit public employers and their
2 public safety employees.

3 (d) A local unit public employer may provide programs of group
4 health insurance for its active and retired public safety employees
5 through one (1) of the following methods:

6 (1) By purchasing policies of group insurance.

7 (2) By establishing self-insurance programs.

8 (3) By electing to participate in the local unit group of local units
9 that offer the state employee health plan under section 6.6 of this
10 chapter.

11 **(4) If the local unit public employer is a school corporation, by**
12 **electing to provide the coverage through a state employee**
13 **health plan under section 6.7 of this chapter.**

14 A local unit public employer may provide programs of group insurance
15 other than group health insurance for the local unit public employer's
16 active and retired public safety employees by purchasing policies of
17 group insurance and by establishing self-insurance programs. However,
18 the establishment of a self-insurance program is subject to the approval
19 of the unit's fiscal body.

20 (e) A local unit public employer may pay a part of the cost of group
21 insurance for its active and retired public safety employees. However,
22 a local unit public employer that provides group life insurance for its
23 active and retired public safety employees shall pay a part of the cost
24 of that insurance.

25 (f) A local unit public employer may not cancel an insurance
26 contract under this section during the policy term of the contract.

27 (g) After June 30, 1989, a local unit public employer that provides
28 a group health insurance program for its active public safety employees
29 shall also provide a group health insurance program to the following
30 persons:

31 (1) Retired public safety employees.

32 (2) Public safety employees who are receiving disability benefits
33 under IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-8, or IC 36-8-10.

34 (3) Surviving spouses and dependents of public safety employees
35 who die while in active service or after retirement.

36 (h) A public safety employee who is retired or has a disability and
37 is eligible for group health insurance coverage under subsection (g)(1)
38 or (g)(2):

1 (1) may elect to have the person's spouse, dependents, or spouse
 2 and dependents covered under the group health insurance
 3 program at the time the person retires or becomes disabled;
 4 (2) must file a written request for insurance coverage with the
 5 employer within ninety (90) days after the person retires or begins
 6 receiving disability benefits; and
 7 (3) must pay an amount equal to the total of the employer's and
 8 the employee's premiums for the group health insurance for an
 9 active public safety employee (however, the employer may elect
 10 to pay any part of the person's premiums).

11 (i) Except as provided in IC 36-8-6-9.7(f), IC 36-8-6-10.1(h),
 12 IC 36-8-7-12.3(g), IC 36-8-7-12.4(j), IC 36-8-7.5-13.7(h),
 13 IC 36-8-7.5-14.1(i), IC 36-8-8-13.9(d), IC 36-8-8-14.1(h), and
 14 IC 36-8-10-16.5 for a surviving spouse or dependent of a public safety
 15 employee who dies in the line of duty, a surviving spouse or dependent
 16 who is eligible for group health insurance under subsection (g)(3):

17 (1) may elect to continue coverage under the group health
 18 insurance program after the death of the public safety employee;
 19 (2) must file a written request for insurance coverage with the
 20 employer within ninety (90) days after the death of the public
 21 safety employee; and
 22 (3) must pay the amount that the public safety employee would
 23 have been required to pay under this section for coverage selected
 24 by the surviving spouse or dependent (however, the employer may
 25 elect to pay any part of the surviving spouse's or dependents'
 26 premiums).

27 (j) The eligibility for group health insurance under this section for
 28 a public safety employee who is retired or has a disability ends on the
 29 earlier of the following:

30 (1) When the public safety employee becomes eligible for
 31 Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.
 32 (2) When the employer terminates the health insurance program
 33 for active public safety employees.

34 (k) A surviving spouse's eligibility for group health insurance under
 35 this section ends on the earliest of the following:

36 (1) When the surviving spouse becomes eligible for Medicare
 37 coverage as prescribed by 42 U.S.C. 1395 et seq.
 38 (2) When the unit providing the insurance terminates the health

1 insurance program for active public safety employees.

2 (3) The date of the surviving spouse's remarriage.

3 (4) When health insurance becomes available to the surviving
4 spouse through employment.

5 (l) A dependent's eligibility for group health insurance under this
6 section ends on the earliest of the following:

7 (1) When the dependent becomes eligible for Medicare coverage
8 as prescribed by 42 U.S.C. 1395 et seq.

9 (2) When the unit providing the insurance terminates the health
10 insurance program for active public safety employees.

11 (3) When the dependent no longer meets the criteria set forth in
12 subsection (a).

13 (4) When health insurance becomes available to the dependent
14 through employment.

15 (m) A public safety employee who is on leave without pay is entitled
16 to participate for ninety (90) days in any group health insurance
17 program maintained by the local unit public employer for active public
18 safety employees if the public safety employee pays an amount equal
19 to the total of the employer's and the employee's premiums for the
20 insurance. However, the employer may pay all or part of the employer's
21 premium for the insurance.

22 (n) A local unit public employer may provide group health
23 insurance for retired public safety employees or their spouses not
24 covered by subsections (g) through (l) and may provide group health
25 insurance that contains provisions more favorable to retired public
26 safety employees and their spouses than required by subsections (g)
27 through (l). A local unit public employer may provide group health
28 insurance to a public safety employee who is on leave without pay for
29 a longer period than required by subsection (m), and may continue to
30 pay all or a part of the employer's premium for the insurance while the
31 employee is on leave without pay.

32 SECTION 2. IC 5-10-8-2.6, AS AMENDED BY P.L.1-2005,
33 SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2009]: Sec. 2.6. (a) This section applies only to local unit
35 public employers and their employees. This section does not apply to
36 public safety employees, surviving spouses, and dependents covered by
37 section 2.2 of this chapter.

38 (b) A public employer may provide programs of group insurance for

its employees and retired employees. The public employer may, however, exclude part-time employees and persons who provide services to the unit under contract from any group insurance coverage that the public employer provides to the employer's full-time employees. A public employer may provide programs of group health insurance under this section through one (1) of the following methods:

(1) By purchasing policies of group insurance.

(2) By establishing self-insurance programs.

(3) By electing to participate in the local unit group of local units that offer the state employee health plan under section 6.6 of this chapter.

(4) If the local unit public employer is a school corporation, by electing to provide the coverage through a state employee health plan under section 6.7 of this chapter.

A public employer may provide programs of group insurance other than group health insurance under this section by purchasing policies of group insurance and by establishing self-insurance programs. However, the establishment of a self-insurance program is subject to the approval of the unit's fiscal body.

(c) A public employer may pay a part of the cost of group insurance, but shall pay a part of the cost of group life insurance for local employees. A public employer may pay, as supplemental wages, an amount equal to the deductible portion of group health insurance as long as payment of the supplemental wages will not result in the payment of the total cost of the insurance by the public employer.

(d) An insurance contract for local employees under this section may not be canceled by the public employer during the policy term of the contract.

(e) After June 30, 1986, a public employer shall provide a group health insurance program under subsection (g) to each retired employee:

(1) whose retirement date is:

(A) after May 31, 1986, for a retired employee who was a teacher (as defined in IC 20-18-2-22) for a school corporation;

or

(B) after June 30, 1986, for a retired employee not covered by clause (A);

(2) who will have reached fifty-five (55) years of age on or before

1 the employee's retirement date but who will not be eligible on that
 2 date for Medicare coverage as prescribed by 42 U.S.C. 1395 et
 3 seq.;

4 (3) who will have completed twenty (20) years of creditable
 5 employment with a public employer on or before the employee's
 6 retirement date, ten (10) years of which must have been
 7 completed immediately preceding the retirement date; and

8 (4) who will have completed at least fifteen (15) years of
 9 participation in the retirement plan of which the employee is a
 10 member on or before the employee's retirement date.

11 (f) A group health insurance program required by subsection (e)
 12 must be equal in coverage to that offered active employees and must
 13 permit the retired employee to participate if the retired employee pays
 14 an amount equal to the total of the employer's and the employee's
 15 premiums for the group health insurance for an active employee and if
 16 the employee, within ninety (90) days after the employee's retirement
 17 date, files a written request with the employer for insurance coverage.
 18 However, the employer may elect to pay any part of the retired
 19 employee's premiums.

20 (g) A retired employee's eligibility to continue insurance under
 21 subsection (e) ends when the employee becomes eligible for Medicare
 22 coverage as prescribed by 42 U.S.C. 1395 et seq., or when the
 23 employer terminates the health insurance program. A retired employee
 24 who is eligible for insurance coverage under subsection (e) may elect
 25 to have the employee's spouse covered under the health insurance
 26 program at the time the employee retires. If a retired employee's spouse
 27 pays the amount the retired employee would have been required to pay
 28 for coverage selected by the spouse, the spouse's subsequent eligibility
 29 to continue insurance under this section is not affected by the death of
 30 the retired employee. The surviving spouse's eligibility ends on the
 31 earliest of the following:

32 (1) When the spouse becomes eligible for Medicare coverage as
 33 prescribed by 42 U.S.C. 1395 et seq.

34 (2) When the employer terminates the health insurance program.

35 (3) Two (2) years after the date of the employee's death.

36 (4) The date of the spouse's remarriage.

37 (h) This subsection does not apply to an employee who is entitled
 38 to group insurance coverage under IC 20-28-10-2(b). An employee

1 who is on leave without pay is entitled to participate for ninety (90)
 2 days in any group health insurance program maintained by the public
 3 employer for active employees if the employee pays an amount equal
 4 to the total of the employer's and the employee's premiums for the
 5 insurance. However, the employer may pay all or part of the employer's
 6 premium for the insurance.

7 (i) A public employer may provide group health insurance for
 8 retired employees or their spouses not covered by subsections (e)
 9 through (g) and may provide group health insurance that contains
 10 provisions more favorable to retired employees and their spouses than
 11 required by subsections (e) through (g). A public employer may
 12 provide group health insurance to an employee who is on leave without
 13 pay for a longer period than required by subsection (h), and may
 14 continue to pay all or a part of the employer's premium for the
 15 insurance while the employee is on leave without pay.

16 SECTION 3. IC 5-10-8-6.3 IS ADDED TO THE INDIANA CODE
 17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 18 JANUARY 1, 2009 (RETROACTIVE)]: **Sec. 6.3. (a) As used in this**
 19 **section, "covered individual" means an individual who is covered**
 20 **under a group health insurance plan.**

21 **(b) As used in this section, "group health insurance plan" means**
 22 **a plan described in section 6 of this chapter that provides coverage**
 23 **for basic health care services (as defined in IC 27-13-1-4).**

24 **(c) As used in this section, "pervasive developmental disorder"**
 25 **means a neurological condition, including Asperger's syndrome**
 26 **and autism, as defined in the most recent edition of the Diagnostic**
 27 **and Statistical Manual of Mental Disorders of the American**
 28 **Psychiatric Association.**

29 **(d) A group health insurance plan must provide a covered**
 30 **individual with coverage for the treatment of a pervasive**
 31 **developmental disorder. Coverage provided under this section is**
 32 **limited to treatment that is prescribed by the covered individual's**
 33 **treating physician in accordance with a treatment plan. A group**
 34 **health insurance plan may not deny or refuse to issue coverage on,**
 35 **refuse to contract with, or refuse to renew, refuse to reissue, or**
 36 **otherwise terminate or restrict coverage on, an individual under**
 37 **the group health coverage plan solely because the individual is**
 38 **diagnosed with a pervasive developmental disorder.**

(e) The coverage required by subsection (d) may not be subject to dollar limits, deductibles, copayments, or coinsurance provisions that are less favorable to a covered individual than the dollar limits, deductibles, copayments, or coinsurance provisions that apply to physical illness generally under the group health insurance plan.

SECTION 4. IC 5-10-8-6.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6.7. (a) As used in this section, "state employee health plan" means a:

(1) self-insurance program established under section 7(b) of this chapter; or

(2) contract with a prepaid health care delivery plan entered into under section 7(c) of this chapter;

to provide group health coverage for state employees.

(b) The state personnel department shall allow a school corporation to elect to provide coverage of health care services for active and retired employees of the school corporation under a state employee health plan.

(c) The following apply if a school corporation elects to provide coverage for active and retired employees of the school corporation under subsection (b):

(1) The state shall not pay any part of the cost of the coverage.

(2) The coverage provided to an active or retired school corporation employee under this section must be the same as the coverage provided to an active or retired state employee under the state employee health plan.

(3) Notwithstanding sections 2.2 and 2.6 of this chapter:

(A) the school corporation shall pay for the coverage provided to an active or retired school corporation employee under this section an amount equal to the amount paid by the state for coverage provided to an active or retired state employee under the state employee health plan; and

(B) an active or retired school corporation employee shall pay for the coverage provided to the active or retired school corporation employee under this section an amount equal to the amount paid by an active or retired state

1 **employee for coverage provided to the active or retired**
 2 **state employee under the state employee health plan.**

3 **(4) The school corporation shall pay any administrative costs**
 4 **of the school corporation's participation in the state employee**
 5 **health plan.**

6 **(5) The school corporation shall provide the coverage elected**
 7 **under subsection (b) for a period of at least three (3) years**
 8 **beginning on the date the coverage of the school corporation**
 9 **employees under the state employee health plan begins.**

10 **(d) The state personnel department shall provide an enrollment**
 11 **period at least every thirty (30) days for a school corporation that**
 12 **elects to provide coverage under subsection (b).**

13 **(e) The state personnel department may adopt rules under**
 14 **IC 4-22-2 to implement this section.**

15 **(f) Neither this section nor a school corporation's election to**
 16 **participate in a state employee health plan as provided in this**
 17 **section impairs the rights of an exclusive representative of the**
 18 **certificated or noncertificated employees of the school corporation**
 19 **to collectively bargain all matters related to school employee health**
 20 **insurance programs and benefits.**

21 SECTION 5. IC 20-26-5-4, AS AMENDED BY P.L.168-2006,
 22 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2009]: Sec. 4. In carrying out the school purposes of a school
 24 corporation, the governing body acting on the school corporation's
 25 behalf has the following specific powers:

26 (1) In the name of the school corporation, to sue and be sued and
 27 to enter into contracts in matters permitted by applicable law.

28 (2) To take charge of, manage, and conduct the educational affairs
 29 of the school corporation and to establish, locate, and provide the
 30 necessary schools, school libraries, other libraries where
 31 permitted by law, other buildings, facilities, property, and
 32 equipment.

33 (3) To appropriate from the school corporation's general fund an
 34 amount, not to exceed the greater of three thousand dollars
 35 (\$3,000) per budget year or one dollar (\$1) per pupil, not to
 36 exceed twelve thousand five hundred dollars (\$12,500), based on
 37 the school corporation's previous year's ADM, to promote the best
 38 interests of the school corporation through:

- 1 (A) the purchase of meals, decorations, memorabilia, or
2 awards;
- 3 (B) provision for expenses incurred in interviewing job
4 applicants; or
- 5 (C) developing relations with other governmental units.
- 6 (4) To:
- 7 (A) Acquire, construct, erect, maintain, hold, and contract for
8 construction, erection, or maintenance of real estate, real estate
9 improvements, or an interest in real estate or real estate
10 improvements, as the governing body considers necessary for
11 school purposes, including buildings, parts of buildings,
12 additions to buildings, rooms, gymnasiums, auditoriums,
13 playgrounds, playing and athletic fields, facilities for physical
14 training, buildings for administrative, office, warehouse, repair
15 activities, or housing school owned buses, landscaping, walks,
16 drives, parking areas, roadways, easements and facilities for
17 power, sewer, water, roadway, access, storm and surface
18 water, drinking water, gas, electricity, other utilities and
19 similar purposes, by purchase, either outright for cash (or
20 under conditional sales or purchase money contracts providing
21 for a retention of a security interest by the seller until payment
22 is made or by notes where the contract, security retention, or
23 note is permitted by applicable law), by exchange, by gift, by
24 devise, by eminent domain, by lease with or without option to
25 purchase, or by lease under IC 20-47-2, IC 20-47-3, or
26 IC 20-47-5.
- 27 (B) Repair, remodel, remove, or demolish, or to contract for
28 the repair, remodeling, removal, or demolition of the real
29 estate, real estate improvements, or interest in the real estate
30 or real estate improvements, as the governing body considers
31 necessary for school purposes.
- 32 (C) Provide for conservation measures through utility
33 efficiency programs or under a guaranteed savings contract as
34 described in IC 36-1-12.5.
- 35 (5) To acquire personal property or an interest in personal
36 property as the governing body considers necessary for school
37 purposes, including buses, motor vehicles, equipment, apparatus,
38 appliances, books, furniture, and supplies, either by cash purchase

1 or under conditional sales or purchase money contracts providing
2 for a security interest by the seller until payment is made or by
3 notes where the contract, security, retention, or note is permitted
4 by applicable law, by gift, by devise, by loan, or by lease with or
5 without option to purchase and to repair, remodel, remove,
6 relocate, and demolish the personal property. All purchases and
7 contracts specified under the powers authorized under subdivision
8 (4) and this subdivision are subject solely to applicable law
9 relating to purchases and contracting by municipal corporations
10 in general and to the supervisory control of state agencies as
11 provided in section 6 of this chapter.

12 (6) To sell or exchange real or personal property or interest in real
13 or personal property that, in the opinion of the governing body, is
14 not necessary for school purposes, in accordance with IC 20-26-7,
15 to demolish or otherwise dispose of the property if, in the opinion
16 of the governing body, the property is not necessary for school
17 purposes and is worthless, and to pay the expenses for the
18 demolition or disposition.

19 (7) To lease any school property for a rental that the governing
20 body considers reasonable or to permit the free use of school
21 property for:

22 (A) civic or public purposes; or

23 (B) the operation of a school age child care program for
24 children who are at least five (5) years of age and less than
25 fifteen (15) years of age that operates before or after the school
26 day, or both, and during periods when school is not in session;
27 if the property is not needed for school purposes. Under this
28 subdivision, the governing body may enter into a long term lease
29 with a nonprofit corporation, community service organization, or
30 other governmental entity, if the corporation, organization, or
31 other governmental entity will use the property to be leased for
32 civic or public purposes or for a school age child care program.
33 However, if payment for the property subject to a long term lease
34 is made from money in the school corporation's debt service fund,
35 all proceeds from the long term lease must be deposited in the
36 school corporation's debt service fund so long as payment for the
37 property has not been made. The governing body may, at the
38 governing body's option, use the procedure specified in

1 IC 36-1-11-10 in leasing property under this subdivision.

2 (8) To:

3 (A) Employ, contract for, and discharge superintendents,
4 supervisors, principals, teachers, librarians, athletic coaches
5 (whether or not they are otherwise employed by the school
6 corporation and whether or not they are licensed under
7 IC 20-28-5), business managers, superintendents of buildings
8 and grounds, janitors, engineers, architects, physicians,
9 dentists, nurses, accountants, teacher aides performing
10 noninstructional duties, educational and other professional
11 consultants, data processing and computer service for school
12 purposes, including the making of schedules, the keeping and
13 analyzing of grades and other student data, the keeping and
14 preparing of warrants, payroll, and similar data where
15 approved by the state board of accounts as provided below,
16 and other personnel or services as the governing body
17 considers necessary for school purposes.

18 (B) Fix and pay the salaries and compensation of persons and
19 services described in this subdivision.

20 (C) Classify persons or services described in this subdivision
21 and to adopt schedules of salaries or compensation.

22 (D) Determine the number of the persons or the amount of the
23 services employed or contracted for as provided in this
24 subdivision.

25 (E) Determine the nature and extent of the duties of the
26 persons described in this subdivision.

27 The compensation, terms of employment, and discharge of
28 teachers are, however, subject to and governed by the laws
29 relating to employment, contracting, compensation, and discharge
30 of teachers. The compensation, terms of employment, and
31 discharge of bus drivers are subject to and governed by laws
32 relating to employment, contracting, compensation, and discharge
33 of bus drivers. The forms and procedures relating to the use of
34 computer and data processing equipment in handling the financial
35 affairs of the school corporation must be submitted to the state
36 board of accounts for approval so that the services are used by the
37 school corporation when the governing body determines that it is
38 in the best interest of the school corporation while at the same

- 1 time providing reasonable accountability for the funds expended.
- 2 (9) Notwithstanding the appropriation limitation in subdivision
- 3 (3), when the governing body by resolution considers a trip by an
- 4 employee of the school corporation or by a member of the
- 5 governing body to be in the interest of the school corporation,
- 6 including attending meetings, conferences, or examining
- 7 equipment, buildings, and installation in other areas, to permit the
- 8 employee to be absent in connection with the trip without any loss
- 9 in pay and to reimburse the employee or the member the
- 10 employee's or member's reasonable lodging and meal expenses
- 11 and necessary transportation expenses. To pay teaching personnel
- 12 for time spent in sponsoring and working with school related trips
- 13 or activities.
- 14 (10) To transport children to and from school, when in the
- 15 opinion of the governing body the transportation is necessary,
- 16 including considerations for the safety of the children and without
- 17 regard to the distance the children live from the school. The
- 18 transportation must be otherwise in accordance with applicable
- 19 law.
- 20 (11) To provide a lunch program for a part or all of the students
- 21 attending the schools of the school corporation, including the
- 22 establishment of kitchens, kitchen facilities, kitchen equipment,
- 23 lunch rooms, the hiring of the necessary personnel to operate the
- 24 lunch program, and the purchase of material and supplies for the
- 25 lunch program, charging students for the operational costs of the
- 26 lunch program, fixing the price per meal or per food item. To
- 27 operate the lunch program as an extracurricular activity, subject
- 28 to the supervision of the governing body. To participate in a
- 29 surplus commodity or lunch aid program.
- 30 (12) To purchase textbooks, to furnish textbooks without cost or
- 31 to rent textbooks to students, to participate in a textbook aid
- 32 program, all in accordance with applicable law.
- 33 (13) To accept students transferred from other school corporations
- 34 and to transfer students to other school corporations in accordance
- 35 with applicable law.
- 36 (14) To make budgets, to appropriate funds, and to disburse the
- 37 money of the school corporation in accordance with applicable
- 38 law. To borrow money against current tax collections and

1 otherwise to borrow money, in accordance with IC 20-48-1.

2 (15) To purchase insurance or to establish and maintain a
3 program of self-insurance relating to the liability of the school
4 corporation or the school corporation's employees in connection
5 with motor vehicles or property and for additional coverage to the
6 extent permitted and in accordance with IC 34-13-3-20. To
7 purchase additional insurance or to establish and maintain a
8 program of self-insurance protecting the school corporation and
9 members of the governing body, employees, contractors, or agents
10 of the school corporation from liability, risk, accident, or loss
11 related to school property, school contract, school or school
12 related activity, including the purchase of insurance or the
13 establishment and maintenance of a self-insurance program
14 protecting persons described in this subdivision against false
15 imprisonment, false arrest, libel, or slander for acts committed in
16 the course of the persons' employment, protecting the school
17 corporation for fire and extended coverage and other casualty
18 risks to the extent of replacement cost, loss of use, and other
19 insurable risks relating to property owned, leased, or held by the
20 school corporation. To:

21 (A) participate in a state employee health plan under
22 IC 5-10-8-6.6 or **IC 5-10-8-6.7**;

23 (B) purchase insurance; or

24 (C) establish and maintain a program of self-insurance;
25 to benefit school corporation employees, including accident,
26 sickness, health, or dental coverage, provided that a plan of
27 self-insurance must include an aggregate stop-loss provision.

28 (16) To make all applications, to enter into all contracts, and to
29 sign all documents necessary for the receipt of aid, money, or
30 property from the state, the federal government, or from any other
31 source.

32 (17) To defend a member of the governing body or any employee
33 of the school corporation in any suit arising out of the
34 performance of the member's or employee's duties for or
35 employment with, the school corporation, if the governing body
36 by resolution determined that the action was taken in good faith.
37 To save any member or employee harmless from any liability,
38 cost, or damage in connection with the performance, including the

1 payment of legal fees, except where the liability, cost, or damage
 2 is predicated on or arises out of the bad faith of the member or
 3 employee, or is a claim or judgment based on the member's or
 4 employee's malfeasance in office or employment.

5 (18) To prepare, make, enforce, amend, or repeal rules,
 6 regulations, and procedures:

7 (A) for the government and management of the schools,
 8 property, facilities, and activities of the school corporation, the
 9 school corporation's agents, employees, and pupils and for the
 10 operation of the governing body; and

11 (B) that may be designated by an appropriate title such as
 12 "policy handbook", "bylaws", or "rules and regulations".

13 (19) To ratify and approve any action taken by a member of the
 14 governing body, an officer of the governing body, or an employee
 15 of the school corporation after the action is taken, if the action
 16 could have been approved in advance, and in connection with the
 17 action to pay the expense or compensation permitted under
 18 IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and
 19 IC 20-48-1 or any other law.

20 (20) To exercise any other power and make any expenditure in
 21 carrying out the governing body's general powers and purposes
 22 provided in this chapter or in carrying out the powers delineated
 23 in this section which is reasonable from a business or educational
 24 standpoint in carrying out school purposes of the school
 25 corporation, including the acquisition of property or the
 26 employment or contracting for services, even though the power or
 27 expenditure is not specifically set out in this chapter. The specific
 28 powers set out in this section do not limit the general grant of
 29 powers provided in this chapter except where a limitation is set
 30 out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12,
 31 and IC 20-48-1 by specific language or by reference to other law.

32 SECTION 6. IC 27-1-6-0.4 IS ADDED TO THE INDIANA CODE
 33 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 34 1, 2009]: **Sec. 0.4. As used in this chapter with respect to a**
 35 **corporation described in section 1(b) of this chapter, "corporate**
 36 **officer" or "incorporator" refers to the chief executive or chief**
 37 **financial officer of a municipality described in section 1(b) of this**
 38 **chapter.**

SECTION 7. IC 27-1-6-0.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 0.6. As used in this chapter, "municipality" has the meaning set forth in IC 36-1-2-11.**

SECTION 8. IC 27-1-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. **(a) Except as provided in subsection (b),** any number of natural persons, not less than seven (7), all of whom are eighteen (18) years of age or older, at least a majority of whom are residents of the state of Indiana and citizens of the United States, may form a corporation under the provisions of this chapter for the purpose of making any kind or kinds of insurance described in any one **(1)** class set out in IC 27-1-5-1, other than reciprocal, farm mutual, fraternal, and assessment insurance, by complying with the provisions of this chapter.

(b) Four (4) or more Indiana municipalities, represented by at least seven (7) incorporators, may form a corporation as a domestic mutual company under this chapter for purposes of making any kind or kinds of insurance described in any one (1) class set out in IC 27-1-5-1 (other than reciprocal, farm mutual, fraternal, and assessment insurance) available to Indiana municipalities.

SECTION 9. IC 27-1-6-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 15. **(a) This section does not apply to a domestic mutual company described in section 1(b) of this chapter.**

~~(a)~~ **(b)** Except as provided in subsection ~~(b)~~, **(c)**, a domestic mutual company that organized before July 1, 1977, must maintain a surplus of not less than two hundred fifty thousand dollars (\$250,000). This subsection does not apply to a standard farm mutual insurance company that is organized under IC 27-5 (before its repeal) or IC 27-5.1.

~~(b)~~ **(c)** A domestic mutual company that organized before July 1, 1977, must maintain a surplus of not less than:

- (1) seven hundred fifty thousand dollars (\$750,000), if it markets one (1) or more kinds of insurance under both Class II and Class III, other than Class II(k) insurance;
- (2) one million dollars (\$1,000,000), if it markets one (1) or more kinds of insurance under Class II, including Class II(k) insurance;

1 or

2 (3) one million dollars (\$1,000,000), if it markets one (1) or more
3 kinds of insurance under both Class II and Class III, including
4 Class II(k) insurance.

5 ~~(c)~~ (d) A domestic mutual company that organized after June 30,
6 1977, must maintain a surplus of not less than one million two hundred
7 fifty thousand dollars (\$1,250,000). However, when it organizes, it
8 must:

9 (1) have a surplus of not less than two million dollars
10 (\$2,000,000);

11 (2) for the one (1) or more kinds of insurance under Class I that
12 it intends to market, have received applications for insurance from
13 not less than four hundred (400) persons, each application for an
14 amount not less than one thousand dollars (\$1,000), and have
15 received the first year's premium due on a policy to be issued on
16 each such application; and

17 (3) for the one (1) or more kinds of insurance under Class II or
18 Class III that it intends to market, have received applications for
19 insurance covering not less than eight hundred (800) separate
20 risks in not less than forty (40) policies to be issued to not less
21 than forty (40) members, and have received premiums amounting
22 to not less than one hundred thousand dollars (\$100,000) for those
23 policies.

24 ~~(d)~~ (e) A domestic mutual company must deposit with the
25 department in cash or in obligations of the United States:

26 (1) twenty-five thousand dollars (\$25,000), if it organized before
27 June 30, 1955;

28 (2) fifty thousand dollars (\$50,000), if it organized after June 29,
29 1955, and before March 7, 1967; or

30 (3) one hundred thousand dollars (\$100,000), if it organized after
31 March 6, 1967.

32 This subsection does not apply to a standard farm mutual insurance
33 company that is organized under IC 27-5 (before its repeal) or
34 IC 27-5.1.

35 ~~(e)~~ (f) If the commissioner determines that the continued operation
36 of a domestic mutual company may be hazardous to the policyholders
37 or the general public, the commissioner may, upon the commissioner's
38 determination, issue an order requiring the insurer to increase the

insurer's capital and surplus based on the type, volume, and nature of the business transacted.

SECTION 10. IC 27-1-6-15.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 15.1. (a) A domestic mutual company described in section 1(b) of this chapter must maintain a surplus of not less than one million two hundred fifty thousand dollars (\$1,250,000). However, when the company organizes, the company must:**

(1) have:

(A) a surplus of not less than two million dollars (\$2,000,000); and

(B) applications for insurance from not less than twenty (20) municipalities, each application for an amount not less than fifty thousand dollars (\$50,000);

(2) for the one (1) or more kinds of insurance under Class I that the company intends to market, have received:

(A) applications for insurance from not less than one hundred (100) individuals, each application for an amount not less than five thousand dollars (\$5,000); and

(B) the first year's premium due on a policy to be issued on each application; and

(3) for the one (1) or more kinds of insurance under Class II or Class III that the company intends to market, have received:

(A) applications for insurance covering not less than forty (40) policies to be issued; and

(B) premiums amounting to not less than five hundred thousand dollars (\$500,000) for the policies.

(b) A domestic mutual company described in section 1(b) of this chapter shall deposit with the department, in cash or in obligations of the United States, one hundred thousand dollars (\$100,000).

(c) If the commissioner determines that the continued operation of a domestic mutual company described in section 1(b) of this chapter may be hazardous to the policyholders or the general public, the commissioner may, upon the commissioner's determination, issue an order requiring the insurer to increase the insurer's capital and surplus based on the type, volume, and nature

1 **of the business transacted.**

2 SECTION 11. IC 27-1-12-11 IS AMENDED TO READ AS
 3 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 11. (a) After the
 4 department has ascertained the net reserve value of all policies (as
 5 defined in section 9 of this chapter) or the reserve liabilities (as defined
 6 in section 10 of this chapter) of any life insurance company organized
 7 and doing business in this state, the department shall notify said
 8 company of the amount or amounts thereof. Within sixty (60) days after
 9 the date of such notification, the officers of such company shall deposit
 10 with the department, solely for the security and benefit of all its
 11 policyholders, assets in an amount, invested in accordance with section
 12 2 of this chapter (except paragraph 20 of section 2(b) of this chapter)
 13 which together with the assets already deposited with the department
 14 and such additional assets as may be deposited by said company with
 15 other states or governments, pursuant to the requirements of the laws
 16 of such other states or governments in which said company is doing
 17 business, shall be not less than the lesser of the amount of such reserve
 18 value or reserve liabilities or the amount provided under subsection (f).
 19 No life insurance company organized under this article or any other law
 20 of this state shall be required to make such deposit until the amount
 21 prescribed by this subsection exceeds the amount deposited by said
 22 company under IC 27-1-6-14, ~~or~~ IC 27-1-6-15, **or IC 27-1-6-15.1.**
 23 Investments in real estate shall be deposited in the form of satisfactory
 24 evidences of ownership. The deposit requirement in relation to policy
 25 loans and bank deposits shall be considered fulfilled by the inclusion
 26 of such item in the company's annual statement, but subject to the right
 27 of the company at any time, and the obligation of the company on
 28 demand of the department, to file with the department a certificate as
 29 to the amount of such item.

30 (b) If the department in the course of the year ascertains that the net
 31 reserve value of a company's policies (as defined in section 9 of this
 32 chapter) or its reserve liabilities (as defined in section 10 of this
 33 chapter) exceeds such company's deposits as required by subsection
 34 (a), it may require such company within sixty (60) days to increase its
 35 deposit to the required amount.

36 (c) Nothing in this article shall prevent the deposit of bonds,
 37 mortgages, or other securities which meet the investment requirements
 38 of a foreign or alien state or country, to an amount not exceeding the

1 amount of the reserves on policies issued to residents of, and to
 2 corporations doing business in, such state or country. If, pursuant to the
 3 law of a foreign or alien state or country in which an Indiana life
 4 insurance company is doing business, securities belonging to such a
 5 company are required to be deposited within the boundaries of such
 6 foreign or alien state or country, credit for the amount of such deposit,
 7 not exceeding the amount of the reserves on policies issued to residents
 8 of, and to corporations doing business in, such foreign or alien state or
 9 country, may be taken by the company as an offset against its deposits
 10 required under this article.

11 (d) If, pursuant to the law of a foreign or alien state or country, a life
 12 insurance company domiciled therein is not permitted a reserve credit
 13 for reserves maintained by a reinsurer foreign to such a state or
 14 country, except on the condition that the amount of such reserve be
 15 deposited with the insurance supervisory official of such state or
 16 country, a deposit credit for the amount of such reserves so deposited
 17 shall be allowed a domestic life insurance company accepting
 18 reinsurance from companies domiciled in such state or country.

19 (e) Any deposit of assets with the department pursuant to any law
 20 superseded by this chapter shall, prior to the first deposit date
 21 contemplated in subsection (a), be continued with the department and
 22 otherwise be subject to this section.

23 (f) The amount of the deposit, except as otherwise provided in
 24 subsection (a), shall be one million dollars (\$1,000,000) excluding
 25 policy loans and bank deposits, or such greater amount as the
 26 department deems necessary to protect the interests of the
 27 policyholders of a particular company by an order to the company to
 28 deposit additional amounts under this section.

29 (g) Each company:

30 (1) must report to the department each new asset acquisition to
 31 establish its eligibility for investment under the numbered
 32 categories of permissible investments under section 2 of this
 33 chapter at such regular intervals, within the time limit following
 34 each interval and on the forms as the department may require,
 35 without complying with IC 4-22-2; and

36 (2) when ordered by the department, shall make any additional
 37 report relating to:

38 (A) the category of eligibility, the characteristics, or the

- 1 amount of any investment; or
 2 (B) the amount of the assets of the company in any category;
 3 calculated under the rules applied for annual statement purposes.

4 SECTION 12. IC 27-14-3-6 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) Except as
 6 provided in subsection (b), an MIHC:

- 7 (1) has and may exercise all the rights and privileges of insurance
 8 companies formed under this title; and
 9 (2) is subject to all the requirements and regulations imposed
 10 upon insurance companies formed under this title.

11 (b) The exceptions referred to in subsection (a) are as follows:

12 (1) An MIHC does not have the right or privilege to write
 13 insurance (except through an insurance company subsidiary) and
 14 is not subject to any requirement or rule adopted under IC 4-22-2
 15 relating to the writing of insurance.

16 (2) An MIHC is not subject to the deposit requirement in
 17 ~~IC 27-1-6-15(d)~~; **IC 27-1-6-15(e) or IC 27-1-6-15.1(b)**.

18 (3) An MIHC is not subject to any statute or rule adopted under
 19 IC 4-22-2 that is imposed upon insurance companies formed
 20 under this title to the extent that the statute or rule is in conflict
 21 with this article.

22 (4) An MIHC is not subject to the investment requirements under
 23 IC 27-1-12 or IC 27-1-13 that limit or restrict investments in
 24 subsidiaries.

25 (5) An MIHC is not subject to risk-based capital requirements
 26 under IC 27-1-36.

27 (6) An MIHC is not subject to a requirement under IC 27 if the
 28 commissioner determines by order or rule adopted by the
 29 commissioner under IC 4-22-2 that the requirement does not
 30 apply to the MIHC.

31 SECTION 13. IC 27-15-14-1 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) If a domestic
 33 mutual insurance company:

- 34 (1) is insolvent, as defined in IC 27-9-1-2(l);
 35 (2) does not meet the **applicable** minimum surplus requirements
 36 of IC 27-1-6-15 **or IC 27-1-6-15.1**; or
 37 (3) in the judgment of the commissioner, is in a hazardous
 38 financial condition;

its board of directors may adopt, and the commissioner may approve, any plan of conversion and amendment to the articles of incorporation that, on the effective date of the conversion, would provide for the former mutual to have paid-in capital stock and surplus in an amount not less than the minimum requirements of IC 27-1-6-14(c) and IC 27-1-6-14(e) and an RBC level greater than its company action RBC level.

(b) The commissioner may allow waivers or material modifications of the requirement to give any notices to members and policyholders, to obtain member approval of the proposed plan of conversion or amendment to the articles of incorporation of the converting mutual, or to distribute consideration to members if the value of a converting mutual described in subsection (a) does not in the judgment of the commissioner warrant any such notices, approvals, or distribution under the circumstances, including the expenses involved in a distribution of consideration.

SECTION 14. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "committee" refers to the interim study committee on motor vehicle towing established by this section.

(b) There is established the interim study committee on motor vehicle towing. The committee consists of the following members:

(1) Four (4) members of the house of representatives appointed by the speaker of the house of representatives, one (1) of whom shall serve as the chairperson of the committee. Not more than two (2) members appointed under this subdivision may be members of the same political party.

(2) Four (4) members of the senate appointed by the president pro tempore of the senate. Not more than two (2) members appointed under this subdivision may be members of the same political party.

(c) The committee shall study practices and charges associated with removal, towing, or storage of a motor vehicle, including:

(1) issues related to release of the motor vehicle to the motor vehicle owner;

(2) the manner in which determinations are made regarding usual and customary charges for the service rendered in a community;

(3) the actual costs of the service rendered;

- 1 **(4) certification of an entity by the state as a qualified towing**
 - 2 **service; and**
 - 3 **(5) other issues related to removal, towing, or storage of a**
 - 4 **motor vehicle determined necessary by the committee.**
 - 5 **(d) The committee shall operate under the policies governing**
 - 6 **study committees adopted by the legislative council.**
 - 7 **(e) The affirmative votes of a majority of the voting members**
 - 8 **appointed to the committee are required for the committee to take**
 - 9 **action on any measure, including final reports.**
 - 10 **(f) The committee shall report its findings and recommendations**
 - 11 **to the legislative council in an electronic format under IC 5-14-6**
 - 12 **before November 1, 2009.**
 - 13 **(g) This SECTION expires December 31, 2009.**
 - 14 **SECTION 15. An emergency is declared for this act.**
 - 15 Renumber all SECTIONS consecutively.
- (Reference is to SB 486 as printed February 20, 2009.)

and when so amended that said bill do pass.

Representative Fry